

ON MAY 18, 2006

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FRANK A. MEROLA (CA State Bar No. 136934), and
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[Proposed] Counsel for the
Investor Committees

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:	)	BK-S-06-10725-LBR
USA COMMERCIAL MORTGAGE COMPANY	)	Chapter 11
Debtor.)	

In re:	)	BK-S-06-10726-LBR
USA CAPITAL REALTY ADVISORS,	)	Chapter 11
LLC,)	
Debtor.)	

In re:	)	BK-S-06-10727-LBR
USA CAPITAL DIVERSIFIED TRUST	)	Chapter 11
DEED FUND, LLC,)	
Debtor.)	

In re:	)	BK-S-06-10728-LBR
USA CAPITAL FIRST TRUST DEED	)	Chapter 11
FUND, LLC,)	
Debtor.)	

In re:	)	BK-S-06-10729-LBR
USA SECURITIES, LLC,	)	Chapter 11
Debtor.)	

Affects:

- ☒ All Debtors
- ☐ USA Commercial Mortgage Co.
- ☐ USA Securities, LLC
- ☐ USA Capital Realty Advisors, LLC
- ☐ USA Capital Diversified Trust Deed
- ☐ USA First Trust Deed Fund, LLC

APPLICATION BY THE OFFICIAL
INVESTOR COMMITTEES TO EMPLOY
STUTMAN, TREISTER & GLATT,
P.C. AS COUNSEL FOR MATTERS OF
COMMON INTEREST (AFFECTS ALL
DEBTORS)

[OST REQUESTED]

Date: June 5, 2006
Time: 9:30 a.m.
Place: Foley Federal Bldg.
300 Las Vegas Blvd. S.
Las Vegas, NV 89101

TO THE HONORABLE LINDA B. RIEGLE, UNITED STATES BANKRUPTCY JUDGE:

The Official Committee of Equity Security Holders of USA Capital First Trust Deed Fund, LLC (the "First Trust Deed Committee"); the Official Committee of Equity Security Holders of USA Capital Diversified Trust Deed Fund, LLC (the "Diversified Trust Deed Committee"); and the Official Committee of Holders Of Executory Contract Rights Through USA Commercial Mortgage Company (the "Direct Lender Committee" and, collectively with the First Trust Deed Committee and Diversified Trust Deed Committee, the "Investor Committees") appointed in the above-captioned bankruptcy cases (the "Chapter 11 Cases"), respectfully request that the Court approve, *nunc pro tunc* as of May 10, 2006 (the date of appointment of the Investor Committees), the employment of Stutman, Treister & Glatt Professional Corporation ("ST&G") as special bankruptcy counsel for the Investor Committees for all matters of common interest. In support of this Application, the Investor Committees represent as follows:

I. BACKGROUND

1. On April 13, 2005 (the "Petition Date"), USA Commercial Mortgage Company ("USA Mortgage"), USA Securities, LLC ("USA Securities"), USA Capital Realty Advisors, LLC ("USA Realty"), USA Capital Diversified Trust Deed Fund, LLC ("USA Diversified"), and USA Capital First Trust Deed Fund, LLC ("USA First" and, collectively with USA Mortgage, USA Securities, USA Realty, and USA Diversified, the "Debtors") filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").

2. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

3. On May 10, 2006, the Office of the United States Trustee (the "U.S. Trustee") appointed four separate committees in these Chapter 11 Cases, including the three Investor Committees.

4. Thereafter, members of each Investor Committee contacted representatives of ST&G to discuss the possibility of retaining ST&G as bankruptcy counsel for their respective Investor Committee.

5. On May 12, 2006, the First Trust Deed Committee met telephonically and decided to engage ST&G.

6. Upon learning that ST&G had been engaged by the First Trust Deed Committee, members of the Diversified Trust Deed Committee and members of the Direct Lender Committee made inquiries into whether ST&G would concurrently represent their

1 respective committees with respect to all matters other than
2 matters involving conflicts among the Investor Committees.

3 7. Over the course of several days, members of each
4 of the Investor Committees, along with representatives of ST&G,
5 discussed engaging ST&G to represent the Investor Committees on
6 matters of common interest.

7 8. After several discussions, the Investor
8 Committees, in an effort to expedite and facilitate the
9 reorganization effort, reduce the anticipated administrative
10 costs in these Chapter 11 Cases, and avoid unnecessary
11 litigation, have agreed to engage ST&G jointly for all matters
12 of common interest and engage separate conflicts counsel for
13 matters as to which any Investor Committee determines (after
14 consultation with its conflicts counsel) that the Investor
15 Committees have conflicting interests that they cannot
16 consensually resolve amongst themselves.

17 9. Subject to this Court's approval, ST&G has agreed
18 to be special bankruptcy counsel to the Investor Committees for
19 all matters other than matters involving conflicts among the
20 Investor Committees.

21 10. In the event, however, that the Court does not
22 approve the joint representation described above, each of the
23 Investor Committees has agreed that ST&G will represent the
24 First Trust Deed Committee, and, in the alternative, hereby,
25 request the Court's approval of the First Trust Deed Committee's
26 retention of ST&G.

II. JURISDICTION

11. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. §157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§1408 and 1409. The statutory predicate for the relief sought herein is 11 U.S.C. § 1103(a).

III. THE FIRM

12. The Investor Committees desire to employ Jeffrey H. Davidson, Frank A. Merola, Eve H. Karasik, and Christine M. Pajak, and other members, associates, and attorneys of counsel of ST&G as special bankruptcy counsel to the Investor Committees for matters of common interest as described above.

13. ST&G is composed of attorneys who limit their practice to the areas of insolvency, reorganization, and bankruptcy law, and ST&G is well qualified to represent the Investor Committees as special bankruptcy counsel. All attorneys comprising or associated with ST&G who will render services in the Chapter 11 Cases are duly admitted to practice law in the courts of the State of California and in the United States District Court for the Central District of California, among others. All such attorneys have filed and/or will file verified petitions to practice before this Court in connection with the Chapter 11 Cases, *pro hac vice*. A summary of the experience and qualifications of those members of ST&G expected to take primary responsibility in rendering services to the Investor Committees is attached as Exhibit "1" to the

1 Declaration of Jeffrey H. Davidson (the "Davidson Declaration"),
2 which is annexed hereto as Exhibit "A."

3 **IV. SCOPE OF ST&G'S EMPLOYMENT WITH RESPECT TO REPRESENTING THE**
4 **INVESTOR COMMITTEES**

5 14. Subject to this Court's approval, each of the
6 Investor Committees has decided to engage ST&G jointly as their
7 special bankruptcy counsel and to engage Shea & Carlyon, Ltd.
8 ("Shea & Carlyon") jointly as their local bankruptcy counsel to
9 represent them on matters other than matters involving conflicts
10 among the Investor Committees. The role and responsibilities of
11 counsel will be shared by ST&G and Shea & Carlyon, and counsel
12 will avoid unnecessary duplication in the services to be
13 rendered to the Investor Committees.

14 15. With respect to representing the Investor
15 Committees on matters of common interest, ST&G will be
16 responsible for (a) protecting and preserving the collective
17 interests of the Debtors' investors; (b) advising the Investor
18 Committees on the requirements of the Bankruptcy Code and the
19 Bankruptcy Rules as they pertain to the interests of the
20 Investor Committees and their constituents; (c) developing,
21 through discussions with the Investor Committees, Shea &
22 Carlyon, and other parties in interest, the Investor Committees'
23 legal positions and strategies with respect to all facets of
24 these Chapter 11 cases, including, without limitation, analyzing
25 the Investor Committees' position on administrative and
26 operational issues; (d) preparing motions, applications,
27 answers, orders, memoranda, reports, and papers in connection
28 with representing the interests of the Investor Committees;

(e) participating in the negotiations and resolution of issues related to financing and any plan of reorganization; and
(f) rendering such other necessary advice and services that the Investor Committees may require in connection with the bankruptcy cases.

V. GUIDELINES FOR REPRESENTING THE INVESTOR COMMITTEES

16. In connection with the proposed joint representation of the Investor Committees by ST&G, members of the Investor Committees and representatives of ST&G have discussed, at length, the protocols for ST&G representing the shared interests of the Investor Committees and have established certain guidelines (the "Guidelines").

17. First, ST&G will be responsible for representing the Investor Committees on all matters of common interest. In this regard, the Investor Committees will establish a committee (the "Executive Committee") composed of the three designees of the Investor Committees as each of the Investor Committees shall designate. ST&G will work with the Executive Committee to formulate the Investor Committees' legal positions and strategies with respect to all facets of these Chapter 11 cases and to serve as "lead counsel" to each of the Investor Committees in implementing those strategies.

18. Second, each of the Investor Committees will hire separate conflicts counsel, who will represent its respective Investor Committee with respect to identifying conflicts that would require a particular committee to take and pursue a position (as opposed to resolving it consensually or conceding

1 it) adverse to the shared position of the other committees (a
2 "Conflicting Issue").

3 19. After consulting with conflicts counsel on
4 matters in which an Investor Committee plans to take a position
5 conflicting with another Investor Committee, the chair of such
6 Investor Committee will be responsible for informing the
7 Executive Committee and ST&G of such matters and, ST&G, in its
8 representation of the Investor Committees, as a whole, will
9 refrain from representing the interest of any of the Investor
10 Committees with regard to such Conflicting Issue but would
11 otherwise represent the shared interests of the Investor
12 Committees. In addition, at the request of the Investor
13 Committees, ST&G may assist the Investor Committees in seeking a
14 consensual resolution of such matters at their request.

15 **VI. ALTERNATIVELY, THE SCOPE OF ST&G'S EMPLOYMENT WITH RESPECT**
16 **TO REPRESENTING THE FIRST TRUST DEED COMMITTEE**

17 20. In the alternative, in the event that the Court
18 does not approve the joint retention of ST&G by the Investor
19 Committees, the First Trust Deed Committee seeks to employ ST&G
20 as its special bankruptcy counsel and Shea & Carlyon as its
21 local bankruptcy counsel to represent that committee's own
22 interests in connection with these Chapter 11 Cases. Each of
23 the Investor Committees has consented to such representation.

24 21. With respect to representing the First Trust Deed
25 Committee, ST&G will be responsible for (a) protecting and
26 preserving the collective interests of the equity security
27 holders of the USA First as a class; (b) advising the First
28 Trust Deed Committee on the requirements of the Bankruptcy Code

1 and the Bankruptcy Rules as they pertain to the interests of the
2 First Trust Deed Committee and its constituents; (c) developing,
3 through discussion with the First Trust Deed Committee, Shea &
4 Carlyon, and other parties in interest, the First Trust Deed
5 Committee's legal positions and strategies with respect to all
6 facets of these cases, including analyzing the First Trust Deed
7 Committee's position on administrative and operational issues;
8 (d) preparing motions, applications, answers, orders, memoranda,
9 reports, and papers in connection with representing the
10 interests of the First Trust Deed Committee; (e) participating
11 in the negotiations and resolution of issues related to
12 financing and any plan of reorganization; and (f) rendering such
13 other necessary advice and services that the First Trust Deed
14 Committee may require in connection with the bankruptcy cases.

15 22. Shea & Carlyon will serve as local counsel, and
16 will assist ST&G with respect to its representation, including
17 matters set forth in this Application. ST&G and Shea & Carlyon
18 will coordinate responsibility for individual matters to
19 minimize duplication.

20 23. ST&G's employment as special bankruptcy counsel
21 to either the Investor Committees jointly or the First Trust
22 Deed Committee, as the case may be, does not include appearances
23 before any court or agency other than the Bankruptcy Court and
24 the Office of the U.S. Trustee or the provision of advice on
25 taxation issues, securities, torts, environmental, labor, real
26 estate, administrative or regulatory matters or criminal law, or
27 issues of Nevada law.

28

24. ST&G will represent only the Investor Committees jointly or the First Trust Deed Committee, as the case may be, and not any of their respective individual members or any other investors of the Debtors.

VII. COMPENSATION ARRANGEMENT

25. No payments have been made or promised to ST&G for services rendered in any capacity whatsoever in connection with the Chapter 11 Cases. Subject to the Court's approval, ST&G will charge the Debtors' estates¹ for its services to the Investor Committees in accordance with its Guideline Hourly Rates in effect at the time services are rendered. A list of ST&G's Guideline Hourly Rates is attached as Exhibit "2" to the annexed Davidson Declaration. ST&G acknowledges that the approval of this Application does not indicate Court approval of its Guideline Hourly Rates. There is no agreement or understanding between ST&G or any other entity for the sharing of compensation to be received for services rendered in or in connection with the Chapter 11 Cases. No compensation will be paid to ST&G except as authorized by order of this Court, after notice and an opportunity for a hearing.

VIII. ST&G IS DISINTERESTED

26. To the best of ST&G's knowledge, based upon and subject to the disclosures in the Davidson Declaration, ST&G and all of the attorneys comprising or employed by it are disinter-

¹ The issue of how to allocate administrative costs amongst the Debtors' five (5) estates is not unique to the Investor Committees. ST&G will work with the Debtors and the U.S. Trustee to establish a protocol to account for professional fees and costs (and other administrative expenses) amongst the Debtors' estates, which protocol will be filed with the Court.

1 ested persons who do not hold or represent an interest adverse
2 to the Debtors' estates and do not have any connection with any
3 of the Debtors, their creditors, any of the Investor Committees,
4 any other party in interest in these Chapter 11 Cases, their
5 respective attorneys or accountants, the U.S. Trustee, or any
6 person employed in the Office of the U.S. Trustee, except that
7 (i) ST&G was involved in discussions with (but did not
8 represent) various of the Debtors' investors prior to the
9 appointments of the committees by the U.S. Trustee, without
10 compensation, and (ii) ST&G made a special appearance on behalf
11 of the Interim Committee of Concerned Investors prior to the
12 appointment of the committees by the U.S. Trustee, without
13 compensation.

14 27. ST&G has no interest materially adverse to the
15 interest of the Debtors' estates, of any member of any of the
16 Investor Committees, or of any class of creditors or equity
17 security holders, by reason of any direct or indirect
18 relationship to, connection with, or interest in, the Debtors,
19 any member of any of the Investor Committees, or an investment
20 banker for any security of the Debtors or member of any of the
21 Investor Committees, or for any other reason.

22 28. From time to time, ST&G may be engaged by one or
23 more of the Debtors' creditors and/or investors in matters
24 entirely unrelated to the Debtors, because of the nature of
25 ST&G's practice. ST&G represents parties in interest to
26 insolvency proceedings and out-of-court negotiations and may
27 represent one or more of the Debtors' creditors and/or investors
28 in its capacity as a creditor of some other debtor or in its own

1 capacity as a debtor. Any such matter will not relate directly
2 or indirectly to the representation of the Investor Committees.

3 **WHEREFORE**, the Investor Committees request that the
4 Court enter an order authorizing the Investor Committees to
5 employ Jeffrey H. Davidson, Frank A. Merola, Eve H. Karasik, and
6 Christine M. Pajak, and other members, associates and attorneys
7 of counsel of Stutman, Treister & Glatt Professional Corporation
8 as their special bankruptcy counsel, *nunc pro tunc* as of May 10,
9 2006, to represent them with respect to all matters other than
10 matters involving conflicts among the three Investor Committees,
11 in accordance with the Guidelines set forth above, with
12 compensation at the expense of the Debtors' estates to be in
13 such amount as the Court may hereafter allow. Alternatively, in
14 the event that the Court does not approve the retention of ST&G
15 to represent the Investor Committees as provided herein, then
16 the First Trust Deed Committee hereby requests that the Court
17 enter an order authorizing the First Trust Deed Committee to
18 employ Jeffrey H. Davidson, Frank A. Merola, Eve H. Karasik, and
19 Christine M. Pajak, and other members, associates and attorneys
20 of counsel of Stutman, Treister & Glatt Professional Corporation
21 as their special bankruptcy counsel, *nunc pro tunc* as of May 10,
22 2006, with compensation at the expense of the Debtors' estates
23 to be in such amount as the Court may hereafter allow.

1 DATED this 18th day of May, 2006.

3 *s/ Eve H. Karasik*

4 JEFFREY H. DAVIDSON,
5 FRANK A. MEROLA, and
6 EVE H. KARASIK, Members of
7 STUTMAN, TREISTER & GLATT, P.C.
8 1901 Avenue of the Stars, 12th
9 Floor
10 Los Angeles, CA 90067
11 Telephone: (310) 228-5600

12 **Reviewed and approved by**
13 **INVESTOR COMMITTEES:**

14 OFFICIAL COMMITTEE OF EQUITY
15 SECURITY HOLDERS OF USA CAPITAL
16 FIRST TRUST DEED FUND, LLC

17 */s/ Mary Ellen Moro*

18 _____
19 Mary Ellen Moro

20 OFFICIAL COMMITTEE OF EQUITY
21 SECURITY HOLDERS OF USA CAPITAL
22 DIVERSIFIED TRUST DEED FUND, LLC

23 */s/ Robert Worthen*

24 _____
25 Robert Worthen

26 OFFICIAL COMMITTEE OF HOLDERS OF
27 EXECUTORY CONTRACT RIGHTS THROUGH
28 USA COMMERCIAL MORTGAGE COMPANY

/s/ Terry Helms

Terry Helms

DECLARATION OF JEFFREY H. DAVIDSON

I, Jeffrey H. Davidson, hereby declare under penalty of perjury that:

1. I am over eighteen years of age and have personal knowledge of the facts set forth herein, and if called as a witness, would testify competently with respect thereto from my own personal knowledge except as otherwise stated.

2. I am a member of Stutman, Treister & Glatt Professional Corporation ("ST&G"). This declaration is submitted pursuant to Bankruptcy Rule 2014(a) in support of the "Application By The Official Investor Committees To Employ Stutman, Treister & Glatt, P.C. As Counsel For Matters Of Common Interest (Affects All Debtors)" (the "Application")² filed by the Investor Committees.

3. The Investor Committees desire jointly to employ Jeffrey H. Davidson, Frank A. Merola, Eve H. Karasik, and Christine M. Pajak, and other members, associates and attorneys of counsel of ST&G as special bankruptcy counsel to the Investor Committees for matters of common interest in connection with the Chapter 11 Cases as set forth in the Application.

4. Alternatively, in the event that the Court does not approve such retention, the First Trust Deed Committee desires to employ Jeffrey H. Davidson, Frank A. Merola, Eve H. Karasik, and Christine M. Pajak, and other members, associates and attorneys of counsel of ST&G as special bankruptcy counsel to the First Trust Deed Committee.

² Terms not otherwise defined herein shall have the same meanings ascribed to them in the Application.

1 5. ST&G is composed of attorneys who limit their
2 practice to the areas of insolvency, reorganization, and
3 bankruptcy law. I believe that ST&G is well qualified to
4 represent the Investor Committees. All attorneys comprising or
5 associated with ST&G who will render services in these Chapter
6 11 Cases are duly admitted to practice law in the courts of the
7 State of California and in the United States District Court for
8 the Central District of California, among other courts. A
9 summary of the experience and qualifications of those members of
10 ST&G expected to render services to the Committee is attached as
11 Exhibit "1" to this Declaration. All attorneys rendering such
12 services have filed and/or will file verified petitions to
13 practice before this Court in connection with the Chapter 11
14 Cases, *pro hac vice*.

15 6. Subject to this Court's approval, each of the
16 Investor Committees has decided to engage ST&G jointly as their
17 special bankruptcy counsel and to engage Shea & Carlyon, Ltd.
18 ("Shea & Carlyon") as its local bankruptcy counsel to represent
19 them on all matters other than matters involving conflicts among
20 all three Investor Committees as set forth in the Application.
21 The role and responsibilities of counsel will be shared by ST&G
22 and Shea & Carlyon, and counsel will avoid unnecessary
23 duplication in the services to be rendered to the Investor
24 Committees.

25 7. With respect to representing the Investor
26 Committees on matters of common interest, ST&G will be
27 responsible for (a) protecting and preserving the collective
28 interests of the Debtors' investors; (b) advising the Investor

1 Committees on the requirements of the Bankruptcy Code and the
2 Bankruptcy Rules as they pertain to the interests of the
3 Investor Committees and their constituents; (c) developing,
4 through discussions with the Investor Committees, Shea &
5 Carlyon, and other parties in interest, the Investor Committees'
6 legal positions and strategies with respect to all facets of
7 these Chapter 11 cases, including, without limitation, analyzing
8 the Investor Committees' position on administrative and
9 operational issues; (d) preparing motions, applications,
10 answers, orders, memoranda, reports, and papers in connection
11 with representing the interests of the Investor Committees;
12 (e) participating in the negotiations and resolution of issues
13 related to financing and any plan of reorganization; and
14 (f) rendering such other necessary advice and services that the
15 Investor Committees may require in connection with the
16 bankruptcy cases.

17 8. In the alternative, in the event that the Court
18 does not approve the joint retention of ST&G by the Investor
19 Committees, the First Trust Deed Committee has decided to employ
20 ST&G as its special bankruptcy counsel and Shea & Carlyon as its
21 local bankruptcy counsel to represent that committee's own
22 interests in connection with these Chapter 11 Cases.

23 9. With respect to representing the First Trust Deed
24 Committee, ST&G will be responsible for (a) protecting and
25 preserving the interests of the equity security holders of the
26 USA First as a class; (b) advising the First Trust Deed
27 Committee on the requirements of the Bankruptcy Code and the
28 Bankruptcy Rules as they pertain to the interests of the First

1 Trust Deed Committee and its constituents; (c) developing,
2 through discussion with the First Trust Deed Committee, Shea &
3 Carlyon, and other parties in interest, the First Trust Deed
4 Committee's legal positions and strategies with respect to all
5 facets of these cases, including analyzing the First Trust Deed
6 Committee's position on administrative and operational issues;
7 (d) preparing motions, applications, answers, orders, memoranda,
8 reports, and papers in connection with representing the
9 interests of the First Trust Deed Committee; (e) participating
10 in the negotiations and resolution of issues related to
11 financing and any plan of reorganization; and (f) rendering such
12 other necessary advice and services that the First Trust Deed
13 Committee may require in connection with the bankruptcy cases.

14 10. Shea & Carlyon will serve as local counsel, and
15 will assist ST&G with respect to its representation, including
16 matters set forth in the Application. ST&G and Shea & Carlyon
17 will coordinate responsibility for individual matters to
18 minimize duplication.

19 11. ST&G's employment as special bankruptcy counsel
20 to either the Investor Committees jointly or the First Trust
21 Deed Committee, as the case may be, does not include appearances
22 before any court or agency other than the Bankruptcy Court and
23 the Office of the U.S. Trustee or the provision of advice on
24 taxation issues, securities, torts, environmental, labor, real
25 estate, administrative or regulatory matters or criminal law, or
26 issues of Nevada law.

27 12. ST&G will represent only the Investor Committees
28 jointly or the First Trust Deed Committee, as the case may be,

1 and not any of their respective individual members or any other
2 investors of the Debtors.

3 13. No payments have been made or promised to ST&G
4 for services rendered in any capacity whatsoever in connection
5 with the case. Subject to the Court's approval, ST&G will
6 charge the Debtors' estate for its services to the Investor
7 Committees in accordance with its Guideline Hourly Rates in
8 effect at the time services are rendered. A list of ST&G's
9 Guideline Hourly Rates is annexed hereto as Exhibit "2." There
10 is no agreement or understanding between ST&G and any other
11 entity (including Shea & Carlyon) for the sharing of
12 compensation to be received for services rendered in or in
13 connection with the case.

14 14. No compensation will be paid to ST&G except as
15 authorized by order of this Court.

16 15. Based on the conflict searches conducted by ST&G
17 (which include searches of ST&G's client records dating back to
18 the 1970s), ST&G and all of the attorneys comprising or employed
19 by it are disinterested persons who do not hold or represent an
20 interest adverse to the Debtors' estate. ST&G and its attorneys
21 do not have any connection with any of the Debtors, their
22 creditors, any of the Investor Committees, any other party in
23 interest in this case, their respective attorneys or
24 accountants, the U.S. Trustee, or any person employed in the
25 office of the U.S. Trustee, except that (i) ST&G was involved in
26 discussions with (but did not represent) various of the Debtors'
27 investors prior to the appointments of the committees by the
28 U.S. Trustee, without compensation, and (ii) ST&G made a special

1 appearance on behalf of the Interim Committee of Concerned
2 Investors prior to the appointment of the committees by the U.S.
3 Trustee, without compensation.

4 16. ST&G has no interest materially adverse to the
5 interest of the Debtors' estates, of any member of any of the
6 Investor Committees, or of any class of creditors or equity
7 security holders, by reason of any direct or indirect
8 relationship to, connection with, or interest in, the Debtors,
9 any member of any of the Investor Committees, or an investment
10 banker for any security of the Debtors or member of the Investor
11 Committees, or for any other reason. However, it is possible
12 that ST&G may in the future represent other parties that are
13 creditors and/or investors of the Debtors or otherwise adverse
14 to the Debtors in matters entirely unrelated to the Debtors'
15 Chapter 11 Cases. If ST&G undertook any such representation, it
16 would require any such party to agree that that representation
17 does not give rise to a conflict or disqualify ST&G from its
18 continued representation of the Investors Committee.

19 17. Several attorneys at ST&G have spouses, parents,
20 children, siblings, fiancés or fiancées who are attorneys at
21 other law firms and companies. Those law firms and companies
22 are Beckley Singleton Chartered; Buchalter, Nemer, Fields &
23 Younger; Gibson, Dunn & Crutcher LLP; Munger, Tolles & Olson;
24 Law Offices of Gerald I. Neiter; Owens & Gach Ray; Pachulski,
25 Stang, Ziehl, Young, Jones & Weintraub; Proskauer Rose LLP; and
26 Saltzburg, Ray & Bergman. The Investor Committees do not
27 consider ST&G's representation of the Investor Committees to be
28

1 inappropriate in light of any of the relationships described
2 above.

3 18. I am the shareholder of ST&G who will bear primary
4 responsibility for supervising the representation of the Investor
5 Committees. I have read and am generally familiar with the
6 Bankruptcy Code, the Bankruptcy Rules, and the local rules of
7 this Court. The ST&G attorneys working on these Chapter 11 Cases
8 are also familiar with Bankruptcy Code and the Bankruptcy Rules,
9 and will review the local rules of this Court before seeking
10 admission *pro hac vice*. The ST&G attorneys working on these
11 Chapter 11 Cases will conduct themselves in accordance with the
12 local rules and procedures of this Court.

13 19. I believe that ST&G is competent to represent the
14 interests of the Investor Committees as special bankruptcy
15 counsel in connection with these Chapter 11 Cases.

16
17 */s/ Jeffrey H. Davidson*

18 JEFFREY H. DAVIDSON
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EXHIBIT "1"**BIOGRAPHIES OF MEMBERS OF
STUTMAN, TREISTER & GLATT PROFESSIONAL CORPORATION EXPECTED TO
RENDER SERVICES**

JEFFREY H. DAVIDSON, born Brookline, Massachusetts, April 7, 1952; admitted to bar, 1977, California. Education: Harvard University (B.A., cum laude, 1973); Harvard University (J.D., cum laude, 1976). Fraternity: Phi Beta Kappa. *Member*: Los Angeles County Bar Association (Chairman, Commercial Law and Bankruptcy Section, 1987-1988, Secretary, 1986-1987, Executive Committee, 1985-; Chairman, Bankruptcy Committee, 1984-1986, Member, 1983-; Member, Nominating Committee for County Bar Trustees and Officers, 1988), Federal Bar Association (Member, Bankruptcy Section, 1990-) and American Bar Association (Member, Section on Business Law; Business Bankruptcy Committee; UCC Committee); The State Bar of California (Chairman, UCC Committee, 1986-1987; Vice Chairman, UCC Committee, 1985-1986; Member, UCC Committee, Business Law Section, 1984-1987, 1992-1995, and 1999-2002; Member, 1987-1990 and Treasurer, 1989-1990, Executive Committee, Business Law Section); Member, Bench/Bar Committee on Local Bankruptcy Rules for the Central District of California; Financial Lawyers Conference (Member, Board of Governors, 1988-1991, 2001-2004; 2005-; Secretary 2005-2006; Executive Committee, 1990-1991, 2004-); American Bankruptcy Institute (Member, Business Reorganization Committee, Healthcare Committee, and Uniform Commercial Code Committee). Fellow, American College of Bankruptcy.

FRANK A. MEROLA, born Syracuse, New York, June 17, 1963; admitted to bar, 1988, California. Education: Georgetown University (B.S., cum laude, 1985); University of California at Los Angeles (J.D. 1988); Distinguished Advocate, Moot Court Honors Program 1986-1987; Moot Court Honors Program Executive Board of Judges 1987-1988; Order of the Coif; Order of the Barristers. Co-Author: "Ignoring Congressional Intent: Eight Years of Judicial Legislation," 62 Am. Bankr. L.J. 1, 1988. *Member*: American Bar Association (Member, Business Law Section and Subcommittee on Entertainment, Gaming and Real Estate Related Issues); The State Bar of California (Member, Debtor/Creditor Relations and Bankruptcy Committee); Los Angeles County Bar Association (Member, Commercial Law and Bankruptcy Section); Turnaround Managers Association (Chairman-Legislative Action Committee 1996-1998; Director 1998-2001).

1 **EVE H. KARASIK**, born Cambridge, Massachusetts,
2 September 2, 1962; admitted to bar, 1991, California.
3 Education: University of California, Berkeley (B.A., with High
4 Honors, 1984); University of Southern California (J.D. 1991);
5 Member, Order of the Coif. Managing Editor, University of
6 Southern California Computer Law and Major Tax Planning
7 Journals. Author, "A Normative Analysis Of Disclosure, Privacy,
8 And Computers: The State Cases," 10 Computer/L.J. 603, 1990.
9 Member: Los Angeles County (Commercial Law and Bankruptcy
10 Section) and American Bar Association (Business Law Section);
11 The State Bar of California (Business Law Section).

12 **CHRISTINE M. PAJAK**, born Winston-Salem, North
13 Carolina, May 31, 1973; admitted to bar, 2001, California.
14 Education: Douglass College, Rutgers University (B.A., High
15 Honors, 1995); Stanford Law School (J.D., Honors, 2001). *Member.*
16 Phi Beta Kappa. Recipient: The Hilmer Oehlmann, Jr. Prize.
17 Member: The State Bar of California and American Bar
18 Association.

EXHIBIT "2"**STUTMAN, TREISTER & GLATT
PROFESSIONAL CORPORATION
RANGE OF HOURLY RATES**

<u>General Range of Rates</u>	<u>Billing Rate Effective 1/1/2006</u>
Principals	\$450 — \$725
Associates	\$250 — \$395
Law Clerks	\$150 — \$205
Paralegals	\$180 — \$195

**Attorneys Expected to be
Most Active in these Cases**

Jeffrey H. Davidson	\$650
Frank A. Merola	\$575
Eve H. Karasik	\$550
Christine M. Pajak	\$350

**Paralegal/Assistant Expected to
be
Most Active in these Cases**

Kendra L. Johnson	\$180
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